

AUGUST 2003 TAX FACTS

SUMMARY OF GENERAL FUND REVENUES

	<u>August 2003</u>	Fiscal Year <u>Total</u>
Individual Income Tax		
Net Collections	\$151,465,431	\$286,913,354
Percent Change	9.4%	4.5%
Corporate Income Tax		
Net Collections	\$7,256,012	\$24,224,434
Percent Change	(28.3)%	(8.0)%
Transaction Privilege, Severance & Use Taxes		
Net Collections	\$261,639,289	\$532,737,184
Change	7.4%	6.2%
Total Big Three Tax Types		
Net Collections	\$420,360,732	\$843,874,972
Percent Change	7.2%	5.2%

TAX FACTS

August 2003

INDIVIDUAL INCOME TAX

Individual Income Tax Receipts

	August 2003	August 2002	% Change
Gross Collections	\$13,138,440	\$11,039,878	19.0
Withholding	179,843,713	180,450,199	(0.3)
Refunds	(11,094,625)	(17,140,507)	(35.3)
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
Net Collections	\$151,465,431	\$138,469,649	9.4

	Fiscal Year Total (02/03)	Fiscal Year Total (01/02)	% Change
Gross Collections	\$22,957,004	\$20,824,304	10.2
Withholding	348,036,097	366,547,555	(5.1)
Refunds	(23,235,554)	(41,182,924)	(43.6)
Urban Revenue Sharing	(60,844,193)	(71,759,842)	(15.2)
Net Collections	\$286,913,354	\$274,429,093	4.5

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. After offsetting \$28,735 in tax liability, \$10,715 was refunded. This amount does not include withholding and estimated payments returned to taxpayers because their liability was covered by the alternative fuel vehicle credit.

Individual Income Tax Document Count

In calendar year 2002, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	42,819	1,484,601	81,372	105,925	6	43,756	289,858	14,887	201,823	2,702	34	2,267,783
%	1.9	65.5	3.6	4.7	0.0	1.9	12.8	0.7	8.9	0.1	0.0	

In calendar year 2003 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	34,140	1,457,245	67,318	94,271	2	36,993	279,890	13,418	186,648	2,586	17	2,172,528
%	1.6	67.1	3.1	4.3	0.0	1.7	12.9	0.6	8.6	0.1	0.0	

The 2,172,528 returns, representing current and prior tax years, filed through August 2003 represents an increase of 0.4% over the August returns filed during the same period of time in 2002. For tax year 2002 filed in 2003, 2,084,123 returns have been filed a 0.3% increase over filings in August 2002 for tax year 2001.

Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 1,496,270 returns in calendar year 2003 for tax year 2002 from filers who also have returns on record from calendar year 2002 with the same marital status. On average, these filers experienced a 1.3% decrease in FAGI and a 3.6% decrease in tax liability. More specifically, 40.7% of these filers experienced a decrease in tax liability; on average a decrease of 38.6% with a corresponding average decrease in FAGI of 22.8%. Filers with an increase in tax liability totaled 701,890 or 46.9%, with an average FAGI increase of 23.9% and an average tax liability increase of 44.3%.

Average Individual Income Tax Refund

	Average	Number
2003 CYTD	\$541.97	1,432,979
2002 CYTD	\$571.59	1,491,011
% Change	(5.2%)	(3.9%)

"New" Filers in Calendar Year 2003

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2003. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 213,638 "new" returns have been filed thus far in 2003, representing approximately 258,644 persons, not including dependents. The average Federal Adjusted Gross Income for these 213,638 returns is \$19,784, with an average tax liability of \$310. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 19.9% had a married filing joint filing status, 7.5% claimed a 65 And Over Exemption and 34.7% claimed dependents.

Individual Income Tax Estimated Payments

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2001 was \$336.5 million, for an average of \$1,480. An additional \$67.7 million in estimated payments came from 2000 tax returns that applied their refunds as a 2001 estimated payment, for an average of \$1,817. Estimated payments received through August 2003 for tax year 2002 were as follows:

08/03	140ES payment	\$420,852	Cumulative	\$293,645,249
08/02	140ES payment	\$176,102	Cumulative	\$336,384,157
	Percent change	139.0%		(12.7%)
08/03	Average payment	\$24,756	Cumulative	\$1,526
08/02	Average payment	(\$4,634)	Cumulative	\$1,478
	Percent change	N/A		3.2%
08/03	Applied refund	\$105,130	Cumulative	\$74,413,431
08/02	Applied refund	\$32,830	Cumulative	\$67,311,497
	Percent change	220.2%		10.6%
Total 08/03		\$525,982	Cumulative	\$368,058,679
Total 08/02		\$208,932	Cumulative	\$403,695,654
	Percent change	151.7%		(8.8%)

Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the second quarter of 2002, which shows a decrease of 2.6% in withholding payments over the second quarter of 2001. Growth in quarters for which information is still being gathered is as follows:

3 rd Quarter 2002	(5.0%)	1 st Quarter 2003	2.9%
4 th Quarter 2002	(1.6%)	2 nd Quarter 2003	2.6%
		3 rd Quarter 2003	(0.1%)

The comparisons made above were against the same number of months of collections in the previous year. Effective January 2002, current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2003	14,739	\$5,017,108	\$340.40
Calendar Year 2002	15,072	\$4,972,792	\$329.94
% Change	(2.2%)	0.9%	3.2%

Clean Elections

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2002:

	August 2003	Calendar Year Total
Check Off	\$35,577	\$3,710,331
Voluntary Donation	\$616	\$54,894
Number of Returns	4,600	508,929

Contributions on the Individual Income Tax Return

Through August 2003, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	9,652	\$169,781	\$17.59
Child Abuse	10,732	\$190,490	\$17.75
Special Olympics	5,050	\$80,039	\$15.85
Neighbors Helping	2,963	\$38,455	\$12.98
AID to Education	620	\$29,742	\$47.97
Domestic Violence Shelter	7,751	\$136,723	\$17.64
Democratic Party	824	\$17,171	\$20.84
Republican Party	609	\$15,172	\$24.91
Libertarian Party	106	\$2,177	\$20.54

CORPORATE INCOME TAX

Corporate Income Tax Receipts

	August 2003	August 2002	% Change
Gross Collections	\$11,271,363	\$17,612,203	(36.0%)
Refunds	(\$4,015,351)	(\$7,498,520)	(46.5%)
Net Collections	\$7,256,012	\$10,113,682	(28.3%)

	Fiscal Year Total (02/03)	Fiscal Year Total (01/02)	% Change
Gross Collections	\$34,572,938	\$44,273,976	(21.9%)
Refunds	(\$10,348,504)	(\$17,929,548)	(42.3%)
Net Collections	\$24,224,434	\$26,344,428	(8.0%)

Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

August 2003	\$9,629,989	Calendar Year Total	\$217,503,194
August 2002	<u>\$9,226,558</u>	Calendar Year Total	<u>\$193,398,199</u>
% Change	4.4%	% Change	12.5%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for August 2003 and for the fiscal year.

Size of Payment ➔	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,00 0 and more	Total	% chg
August 2003	57	6	7	1	3	0	74	(9.8)
August 2002	61	9	7	3	2	0	82	
CY 2003	1,560	173	194	43	38	0	2,008	0.2
CY 2002	1,572	181	185	42	24	0	2,004	

Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 02/03 by corporate fiscal year. For example, in FY 02/03, 7.0% of the refund dollars paid were for corporate fiscal years ending in 1998 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	98 & Prior	99	00	01	02	03
FY 02/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%
Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 03/04	27.8%	5.4%	3.0%	58.4%	5.4%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table present information on refunds applied as estimated payments in the most recent month and for the calendar year.

August 2003	\$2,209,116	Calendar Year Total	\$64,619,909
August 2002	<u>\$6,784,619</u>	Calendar Year Total	<u>\$69,675,040</u>
% Change	(67.4%)	% Change	(7.3%)

Corporate Income Tax Document Count

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2001. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	330	36,585	50,973	324	10,797
%	0.3	37.0	51.5	0.3	10.9

Through August 2003, 73,178 documents have been received for a fiscal year-end of 2002, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	142	22,763	41,116	245	8,912
%	0.2	31.1	56.2	0.3	12.2

The figures shown above for the 2002 returns are most meaningful when compared to 2001 returns received during the same period of time in the previous year. Through August 2002, the Arizona Department of Revenue received 74,519 documents with a fiscal year-end of 2001. Compared to 2002 documents, this represents a 1.8% decrease in the number of corporate returns received at this point of time in the calendar year.

Urban Revenue Sharing Returned to Cities/Towns

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2002/03 is 14.8% of net proceeds from Fiscal Year 2001/02 income tax. In addition, 15% of the amount of monies transferred from the Budget Stabilization Fund to the tax refund account of the state general fund is also be used for Urban Revenue Sharing. Amounts returned for August 2003 are shown on Table 2, at the end of this report.

TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES

Transaction Privilege, Severance and Use Tax Receipts

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	August 2003	August 2002	% change
Distribution Base	\$104,554,912	\$97,705,649	7.0
Non shared	205,657,997	193,777,112	6.1
Use Tax	19,920,303	16,039,948	24.2
Education Tax	39,258,626	36,490,353	7.6
Other Revenues	44,750,471	41,854,515	6.9
Total Collections	\$414,142,309	\$385,867,577	7.3

	Fiscal Year Total (03/04)	Fiscal Year Total (02/03)	% change
Distribution Base	\$215,731,690	\$205,514,814	5.0
Non shared	420,504,244	400,971,033	4.9
Use Tax	37,827,080	29,558,656	28.0
Education Tax	78,646,104	73,124,786	7.6
Other Revenues	90,527,025	84,893,479	6.6
Total Collections	\$843,236,144	\$794,062,768	6.2

Distribution of Transaction Privilege, Severance and Use Tax Receipts

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The Education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	August 2003	August 2002	% change
Retained by State	\$261,639,289	\$243,515,739	7.4
Returned to Counties	42,355,195	39,580,558	7.0
Returned to Cities	26,138,728	24,426,412	7.0
Education Tax	39,258,626	36,490,353	7.6
Other	44,750,471	41,854,514	6.9
Total Collections	\$414,142,309	\$385,867,577	7.3

	Fiscal Year Total (03/04)	Fiscal Year Total (02/03)	% change
Retained by State	\$532,737,184	\$501,411,748	6.2
Returned to Counties	87,392,908	83,254,051	5.0
Returned to Cities	53,932,923	51,378,704	5.0
Education Tax	78,646,104	73,124,786	7.6
Other	90,527,025	84,893,479	2.2
Total Collections	\$843,236,144	\$794,062,768	6.2

Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	August 2003	% Chg	Fiscal Year Total	% Chg
Transporting/Towing	5.6	\$221,828	2.2	472,120	(2.1)
Non-Metal Mining/Oil & Gas	3.125%	661,604	5.7	1,410,310	6.3
Utilities	5.6%	32,808,520	1.4	62,932,140	4.9
Communications	5.6%	12,398,019	2.8	24,026,416	(8.6)
Railroads/Aircraft	5.6%	116,048	N/A	176,013	N/A
Private Car/Pipelines	5.6%	60,635	41.8	97,039	5.5
Publishing	5.6%	761,159	13.1	1,264,595	5.3
Printing	5.6%	1,424,262	(52.1)	2,994,363	(53.3)
Restaurants/Bars	5.6%	26,150,970	9.7	54,326,393	5.9
Amusements	5.6%	3,233,344	18.4	6,375,120	7.4
Commercial Lease	0%	(8,519)	N/A	(34,809)	(34.3)
Rental of Personal Property	5.6%	12,433,310	(5.8)	26,623,110	(4.1)
Contracting	3.75% - 5.6%	52,877,692	8.7	108,346,785	9.6
Feed Wholesale	Repealed	24	(69.1)	9	(88.7)
Retail	5.6%	160,564,927	8.3	333,442,777	5.6
Mining Severance	2.5%	198,168	138.4	412,351	92.0
Timber Severance	\$2.13/\$1.51 per 1000 board ft	(152)	N/A	803	N/A
Hotel/Motel	5.5%	5,896,093	11.2	12,590,788	5.0
Membership Camping	5.6%	7,642	3.6	23,498	129.8
Use/Use Inventory	5.6%	19,920,303	24.2	37,827,080	28.0
Rental Occupancy Tax	3.0%	10,375	12.0	20,761	24.0
Jet Fuel Tax	\$.0305/\$.0105 gal	373,771	(7.9)	727,031	(25.0)
Telecommunications Devices:	1.1				
Telecom. Fund for the Deaf	----	497,274	(1.9)	1,004,726	(1.2)
Poison Control Fund	----	183,923	(1.9)	371,611	(1.2)
911 Wireline/Excise	\$0.37 monthly per activated service	1,077,359	(4.9)	2,237,800	(5.3)
911 Wireless Service	\$0.37 monthly per activated service	955,118	25.5	1,911,864	33.0
Total		\$332,823,698	7.3	\$679,580,692	6.0

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

Transaction Privilege and Severance Tax Taxable Sales By Class¹

	August 2003	% Chg	Fiscal Year Total	% Chg
Transporting/Towing	\$4,436,568	2.2	\$9,442,392	(2.1)
Non-Metal Mining/Oil & Gas	21,171,340	5.7	45,129,922	6.3
Utilities	656,170,400	1.4	1,258,642,807	4.9
Communications	247,960,388	2.8	480,528,315	(8.6)
Railroads/Aircraft	2,320,952	N/A	3,520,253	N/A
Private Car/Pipelines	1,212,696	41.8	1,940,777	5.5
Publishing	15,223,177	13.1	25,291,903	5.3
Printing	28,485,250	(52.1)	59,887,252	(53.3)
Restaurants/Bars	523,019,393	9.7	1,086,527,869	5.9
Amusements	64,666,887	18.4	127,502,406	7.4
Commercial Lease	(866,957)	N/A	214,125	N/A
Rental of Personal Property	248,666,199	(5.8)	532,462,209	(4.1)
Contracting	1,057,553,863	8.7	2,166,936,586	9.6
Feed Wholesale	5,177	(69.1)	1,891	(88.7)
Retail	3,211,298,539	8.3	6,668,855,535	5.6
Mining Severance	7,926,718	138.4	16,494,028	92.0
Timber Severance	0	N/A	0	N/A
Hotel/Motel	107,201,693	11.2	228,923,419	5.0
Membership Camping	152,843	3.6	469,969	129.8
Use/Use Inventory	397,759,442	24.3	754,978,993	28.0
Rental Occupancy Tax	345,833	12.0	692,017	24.0
Total	\$6,594,710,402	7.4	\$13,468,442,669	6.1

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table, are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In August 2003, 13,314,795 gallons of jet fuel were taxed, a 9.7% decrease from the 14,746,673 reported for August 2002. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

Accounting Credit

Effective to taxable periods beginning from and after July 1, 1995, a credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. The amount of accounting credits claimed in August 2003 was \$1,461,127 a 2.6% increase from the \$1,423,577 claimed in August 2002. Accounting credits claimed-to-date in FY 03/04 equals \$2,993,266 a 4.2% increase from the \$2,871,935 claimed during the same period in FY 02/03.

¹These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

Taxable Sales by SIC Code Range

The taxable sales by SIC (Standard Industrial Classification) Code ranges are an indicator of business occurring for that type of retail sale. Certain limitations must be understood when using this information.

The Department of Revenue assigns a SIC code to a business based on its primary type of business activity. A grocery store would be assigned a SIC code of 5411. A business that deals primarily with dairy products would have a SIC code of 5451. A problem arises with businesses which derive revenue from multiple business activities. For example, a store like Fry's Market Place might be considered both a grocery store and a department store; however, all revenue would be reported under only one of the two possible codes. In summary, an accurate description of what this information represents would be: "These figures represent taxable retail sales for those businesses which have a primary SIC code falling within one designated range."

If the taxable sales for these ranges were added together, the total would not equal retail taxable sales. This is again due to the primary SIC code assignment. There are businesses making retail sales, which do not have a primary retail SIC code.

<u>SIC Code Range</u>	<u>Description</u>	<u>August 2003</u>	<u>August 2002</u>	<u>% Chg</u>
5211-5271	building materials, hardware, garden supply & mobile home dealers	\$230,192,122	\$210,460,764	9.4
5311-5399	general merchandise stores	223,325,173	229,542,529	(2.7)
5411-5499	food stores (no food sales)	257,272,699	242,459,152	6.1
5511-5521	motor vehicle dealers	687,437,051	638,426,290	7.7
5531-5599	misc. automotive, motorcycle & boat stores	188,676,392	163,028,061	15.7
5611-5699	apparel & accessory stores	180,415,012	166,698,965	8.2
5712-5733	furniture, home furnishings & equipment stores	168,168,862	152,789,202	10.1
5912-5949	misc. retail stores	182,167,359	176,483,903	3.2
TOTAL		\$3,211,298,539	\$2,966,000,196	8.3

<u>SIC Code Range</u>	<u>Description</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>	<u>% Chg</u>
5211-5271	building materials, hardware, garden supply & mobile home dealers	\$450,523,345	\$411,869,737	9.4
5311-5399	general merchandise stores	476,262,315	490,006,588	(2.8)
5411-5499	food stores (no food sales)	519,907,608	503,052,324	3.4
5511-5521	motor vehicle dealers	1,373,834,008	1,234,550,823	11.3
5531-5599	misc. automotive, motorcycle & boat stores	383,173,566	338,969,383	13.0
5611-5699	apparel & accessory stores	394,743,589	385,274,427	2.5
5712-5733	furniture, home furnishings & equipment stores	340,983,092	322,599,516	5.7
5912-5949	misc. retail stores	391,553,498	380,293,276	3.0
TOTAL		\$6,668,855,536	\$6,315,991,137	5.6

Transaction Privilege and Severance Tax Returned to Counties

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for August 2003 is shown in the County Share column.

	Dist. Base Collections	County Share	% of Total	FYTD County Share	% Chg
Apache	\$309,402	\$335,752	0.8	\$682,979	5.4
Cochise	1,651,672	788,943	1.9	1,617,772	8.0
Coconino	3,423,359	1,263,358	3.0	2,557,884	0.4
Gila	752,858	350,327	0.8	719,676	5.7
Graham	320,796	195,368	0.5	404,811	2.8
Greenlee	249,656	147,078	0.3	298,906	(4.8)
La Paz	247,543	126,443	0.3	254,599	2.7
Maricopa	69,085,000	26,944,872	63.6	55,883,961	5.0
Mohave	3,092,167	1,217,392	2.9	2,455,837	8.5
Navajo	1,648,546	707,835	1.7	1,442,706	5.2
Pima	15,391,330	6,345,607	15.0	12,993,890	3.1
Pinal	2,183,398	1,138,422	2.7	2,329,883	9.0
Santa Cruz	651,603	279,202	0.7	576,430	8.7
Yavapai	3,440,731	1,469,263	3.5	3,014,786	8.9
Yuma	2,106,849	1,045,334	2.5	2,158,787	6.4
Total	\$104,554,912	\$42,355,195		\$87,392,908	5.0

Transaction Privilege and Severance Tax Returned to Cities/Towns

The portion of transaction privilege and severance tax returned to each incorporated city or town for August 2003 is shown on Table 3, attached to this report.

County Tax Collections

The following county-imposed tax collections were received by the Department of Revenue during August 2003 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		\$109,158							
Cochise		\$499,756							
Coconino		\$967,176	\$578,617					\$232,938	
Gila	\$240,435	\$233,774							
Graham		\$95,079							
Greenlee		\$61,140							
La Paz		\$74,969	\$75,018				\$16,504		
Maricopa	\$22,533,653		\$8,364,017	\$348,571	\$3,409				\$1,038,245
Mohave		\$466,566							
Navajo		\$471,827							
Pima				\$105,665		\$5,853			
Pinal	\$778,652	\$764,240							
Santa Cruz		\$192,629							
Yavapai		\$1,044,771	\$519,126						
Yuma		\$657,034	\$656,732					\$654,129	

OTHER TAXES

Luxury Taxes

The following revenues were received from luxury taxes in August 2003. The table compares the receipts to August 2002 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	August 2003	August 2002	% Change
Spirituos	\$1,710,813	\$1,505,029	13.7
Vinous	609,828	520,230	17.2
Malt	1,770,108	1,947,872	(9.1)
Cigarette	25,486,007	11,728,230	117.3
Other Tobacco	606,516	314,125	93.1
Tobacco Licenses	350	400	(12.5)
Total	\$30,183,622	\$16,015,886	88.5

	Fiscal Year Total (03/04)	Fiscal Year Total (02/03)	% Change
Spirituos	\$3,351,620	\$3,061,466	9.5
Vinous	1,349,194	1,172,973	15.0
Malt	3,553,827	3,720,086	(4.5)
Cigarette*	43,882,967	24,088,671	82.2
Other Tobacco	1,233,096	598,308	106.1
Tobacco Licenses	1,125	1,300	(13.5)
Total	\$53,371,829	\$32,642,804	63.5

*Through August 03, \$417,300 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

General Fund revenues from luxury taxes:

	August 2003	FY (02/03)
Spirituos	\$1,197,569	\$2,346,134
Vinous	152,085	336,277
Malt	442,527	888,457
Cigarette	3,316,315	5,851,892
Other Tobacco	93,643	190,772
Tobacco Licenses	350	1,125
Total	\$5,202,489	\$9,614,657

Other dedicated revenues from luxury taxes:

	August 2003	FY (02/03)
Correction Fund revenues	\$2,039,568	\$4,042,050
Tobacco Tax & Health Care Fund ²	8,746,221	15,169,361
Tobacco Products Tax Fund ³	13,428,163	22,981,780
Wine Promotional Fund revenues	1,489	4,086
Drug Treatment & Education Fund revenues	547,877	1,116,422
Corrections Revolving Fund revenues	217,816	443,474

² Formerly the Health Care Fund

³ This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

Estate Tax

	August 2003	\$4,892,386	Fiscal year To Date	\$7,574,546
	August 2002	<u>\$5,343,508</u>	Fiscal year To Date	<u>\$10,968,417</u>
% Change		(8.4%)	% Change	(30.9%)

Private Car

	August 2003	\$0	Fiscal year To Date	\$0
	August 2002	<u>\$0</u>	Fiscal year To Date	<u>\$0</u>
% Change		N/A	% Change	N/A

Bingo

	August 2003	\$38,860	Fiscal year To Date	\$108,470
	August 2002	<u>\$36,095</u>	Fiscal year To Date	<u>\$109,573</u>
% Change		7.7%	% Change	(1.0%)

Unclaimed Property

	August 2003	\$2,531,239	Fiscal year To Date	\$1,836,378
	August 2002	<u>(\$21,129)</u>	Fiscal year To Date	<u>\$889,397</u>
% Change		N/A	% Change	106.5%

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

TABLE 1
“New” Returns Filed in 2003 for Tax Year 2002
Through August 2003

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,346	1.1%	-\$12,734	\$2	14.9%	78.4%	4.6%	2.2%	14.3%	9.7%
\$0-\$5,000	44,707	20.9%	\$2,722	\$3	4.3%	83.0%	11.8%	0.9%	4.1%	16.9%
\$5,000-\$10,000	45,121	21.1%	\$7,380	\$24	7.5%	71.6%	19.5%	1.4%	5.8%	27.6%
\$10,000-\$15,000	31,650	14.8%	\$12,365	\$89	14.3%	55.3%	28.6%	1.8%	8.7%	40.0%
\$15,000-\$20,000	23,335	10.9%	\$17,360	\$163	20.6%	46.6%	30.3%	2.5%	9.1%	44.4%
\$20,000-\$25,000	16,081	7.5%	\$22,361	\$268	25.1%	40.8%	30.6%	3.5%	7.6%	47.9%
\$25,000-\$30,000	11,323	5.3%	\$27,378	\$394	28.8%	40.7%	26.9%	3.6%	7.5%	46.3%
\$30,000-\$40,000	14,218	6.7%	\$34,481	\$555	36.1%	37.1%	22.8%	3.9%	8.0%	46.2%
\$40,000-\$50,000	8,297	3.9%	\$44,569	\$785	47.6%	32.2%	16.8%	3.4%	10.2%	46.8%
\$50,000-\$75,000	9,973	4.7%	\$60,368	\$1,161	62.2%	24.8%	10.9%	2.2%	13.0%	46.2%
\$75,000-\$100,000	3,486	1.6%	\$85,338	\$1,815	72.7%	18.8%	6.6%	1.9%	15.5%	44.4%
\$100,000-\$200,000	2,534	1.2%	\$129,960	\$3,263	73.8%	18.7%	5.7%	1.7%	17.4%	43.1%
\$200,000-\$500,000	455	0.2%	283,035	9,362	71.5%	19.6%	6.3%	2.6%	19.8%	39.2%
\$500,000-\$1,000,000	76	0.0%	678,177	28,253	61.0%	23.4%	11.7%	3.9%	14.3%	45.5%
\$1,000,000 and over	36	0.0%	1,847,020	74,657	58.3%	22.2%	11.1%	8.3%	22.2%	25.0%
Total	213,638		\$19,784	\$310	19.9%	57.2%	20.8%	2.1%	7.5%	34.7%

NEW RETURNS FILED IN 2002 FOR TAX YEAR 2001

Total	233,775		\$19,905	\$332	20.5%	57.1%	20.2%	2.2%	7.9%	34.3%
--------------	----------------	--	-----------------	--------------	--------------	--------------	--------------	-------------	-------------	--------------

“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

TABLE 2
Urban Revenue Sharing Returned to Cities/Towns
August 2003

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	\$1,525,462	202,705
Eagar	\$30,350	4,033	Surprise	232,148	30,848
Springerville	14,840	1,972	Tempe	1,193,625	158,625
St. Johns	26,701	3,548	Tolleson	37,432	4,974
<u>Cochise County</u>			Wickenburg	38,245	5,082
Benson	35,453	4,711	Youngtown	22,652	3,010
Bisbee	45,830	6,090	<u>Mohave County</u>		
Douglas	124,344	16,523	Bullhead City	254,130	33,769
Huachuca City	13,177	1,751	Colorado City	25,090	3,334
Sierra Vista	284,277	37,775	Kingman	151,030	20,069
Tombstone	11,318	1,504	Lake Havasu City	315,606	41,938
Willcox	28,093	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	37,003	4,917
Flagstaff	398,055	52,894	Pinetop-Lakeside	26,956	3,582
Fredonia	7,796	1,036	Show Low	57,909	7,695
Page	51,241	6,809	Snowflake	33,564	4,460
Williams	21,388	2,842	Taylor	23,901	3,176
<u>Gila County</u>			Winslow	71,643	9,520
Globe	56,336	7,486	<u>Pima County</u>		
Hayden	6,713	892	Marana	102,016	13,556
Miami	14,569	1,936	Oro Valley	223,508	29,700
Payson	102,498	13,620	Sahuarita	24,398	3,242
Winkelman	3,334	443	South Tucson	41,315	5,490
<u>Graham County</u>			Tucson	3,662,667	486,699
Pima	14,968	1,989	<u>Pinal County</u>		
Safford	69,476	9,232	Apache Junction	239,417	31,814
Thatcher	30,268	4,022	Casa Grande	189,824	25,224
<u>Greenlee County</u>			Coolidge	58,594	7,786
Clifton	19,536	2,596	Eloy	78,077	10,375
Duncan	6,111	812	Florence	108,864	14,446
<u>La Paz County</u>			Kearny	16,925	2,249
Parker	23,630	3,140	Mammoth	13,260	1,762
Quartzsite	25,241	3,354	Superior	24,488	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	270,039	35,883	Nogales	157,118	20,878
Buckeye	63,944	8,497	Patagonia	6,630	881
Carefree	22,027	2,927	<u>Yavapai County</u>		
Cave Creek	28,055	3,728	Camp Verde	71,124	9,451
Chandler	1,328,865	176,581	Chino Valley	61,461	8,167
El Mirage	19,115	7,609	Clarkdale	25,752	3,422
Fountain Hills	152,279	20,235	Cottonwood	69,077	9,179
Gila Bend	14,901	1,980	Jerome	2,476	329
Gilbert	825,528	109,697	Prescott	255,401	33,938
Glendale	1,646,676	218,812	Prescott Valley	177,113	23,535
Goodyear	142,315	18,911	Sedona	76,700	10,192
Guadalupe	39,343	5,228	<u>Yuma County</u>		
Litchfield Park	28,572	3,810	San Luis	115,306	15,322
Mesa	2,982,932	396,375	Somerton	54,680	7,266
Paradise Valley	102,728	13,664	Wellton	13,764	1,829
Peoria	815,496	108,364	Yuma	583,341	77,515
Phoenix	9,941,562	1,321,045			
Queen Creek	32,480	4,316	TOTAL	\$30,422,097	4,047,630

TABLE 3
Transaction Privilege and Severance Tax Returned to Cities/Towns
August 2003

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	\$1,307,796	202,705
Eagar	\$26,020	4,033	Surprise	199,023	30,848
Springerville	12,723	1,972	Tempe	1,023,404	158,625
St. Johns	22,891	3,548	Tolleson	32,091	4,974
<u>Cochise County</u>			Wickenburg	32,788	5,082
Benson	30,394	4,711	Youngtown	19,420	3,010
Bisbee	39,291	6,090	<u>Mohave County</u>		
Douglas	106,602	16,523	Bullhead City	217,868	33,769
Huachuca City	11,297	1,751	Colorado City	21,510	3,334
Sierra Vista	243,714	37,775	Kingman	129,480	20,069
Tombstone	9,703	1,504	Lake Havasu City	270,572	41,938
Willcox	24,084	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	31,723	4,917
Flagstaff	341,257	52,894	Pinetop/Lakeside	23,110	3,582
Fredonia	6,684	1,036	Show Low	49,646	7,695
Page	43,930	6,809	Snowflake	28,775	4,460
Williams	18,336	2,842	Taylor	20,491	3,176
<u>Gila County</u>			Winslow	61,420	9,520
Globe	48,298	7,486	<u>Pima County</u>		
Hayden	5,755	892	Marana	87,460	13,556
Miami	12,491	1,936	Oro Valley	206,029	31,934
Payson	87,872	13,620	Sahuarita	20,916	3,242
Winkelman	2,858	443	South Tucson	35,420	5,490
<u>Graham County</u>			Tucson	3,140,046	486,699
Pima	12,832	1,989	<u>Pinal County</u>		
Safford	59,562	9,232	Apache Junction	205,255	31,814
Thatcher	25,949	4,022	Casa Grande	162,738	25,224
<u>Greenlee County</u>			Coolidge	50,233	7,786
Clifton	16,749	2,596	Eloy	66,937	10,375
Duncan	5,239	812	Florence	93,331	14,446
<u>La Paz County</u>			Kearny	14,510	2,249
Parker	20,258	3,140	Mammoth	11,368	1,762
Quartzsite	21,639	3,354	Superior	20,994	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	231,507	35,883	Nogales	134,699	20,878
Buckeye	54,820	8,497	Patagonia	5,684	881
Carefree	18,884	2,927	<u>Yavapai County</u>		
Cave Creek	24,052	3,728	Camp Verde	60,975	9,451
Chandler	1,139,251	176,581	Chino Valley	52,691	8,167
El Mirage	49,091	7,609	Clarkdale	22,078	3,422
Fountain Hills	130,551	20,235	Cottonwood	59,220	9,179
Gila Bend	12,774	1,980	Jerome	2,123	329
Gilbert	707,734	109,697	Prescott	218,959	33,938
Glendale	1,411,714	218,812	Prescott Valley	151,841	23,535
Goodyear	122,008	18,911	Sedona	65,756	10,192
Guadalupe	33,730	5,228	<u>Yuma County</u>		
Litchfield Park	24,581	3,810	San Luis	98,853	15,322
Mesa	2,566,340	397,776	Somerton	46,878	7,266
Paradise Valley	88,156	13,664	Wellton	11,800	1,829
Peoria	699,134	108,364	Yuma	501,202	77,515
Phoenix	8,523,014	1,321,045	TOTAL	\$26,138,728	4,051,435
Queen Creek	27,846	4,316			

*The Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007*